Comments for hearing FRIDAY, DECEMBER 10, 2004
on Rule 21 Working Group paper submitted November 10, 2004.

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We will attend the hearing and wish to speak. We expect many of the cc:s from above to comment and attend as well.

Background

RCM Digesters builds dairy digesters and has intertied several in California in the last 2 years. RCM has dairy digester cogeneration projects operating in over a dozen utilities outside of California.

General Commentary

In practice Rule 21 is only a suggestion. Rule 21 is a process where the utilities have spent 5 years suppressing distributed generation. The IOUs have learned through the Rule 21 process that they have more money, time and people than any developer. The IOUs will get what they want by waiting, they win through attrition and by co-opting the keepers of the process.

Most projects beyond a very small home solar unit get kicked into a supplemental review process. Once in supplemental review, a project is separated from the Rule 21 process and the utility can then require whatever they feel like. There are no limits, no outside review and there is no referee. Each utility has engineers and inspectors and no two of these appear agree with each other on anything. Each utility has their own set of rules and requirements in addition to the suggestions of Rule 21. Each utility will override Rule 21 with their own rule without warning. Therefore, unlike any other place in the US, a developer can never know what his project intertie will contain or what it will cost until it is done.

At all 4 of our operating projects here in California, the IOU (PG&E, SCE, and SDG&E) has found reasons to alter equipment requirements, process, procedure, and submittals beyond Rule 21 for our under 200 kW projects. In 2 dairy projects developed by others (Gallo and Strauss) similar post installation changes were required. These non-Rule 21 requirements led to long delays and additional costs (typically ten to tens of thousands of dollars).

TO EMPHASIZE THIS COMMENT: 100% OF THE 6 DAIRY DIGESTER PROJECTS SO FAR HAVE HAD PROBLEMS FIGURING OUT WHAT IS REQUIRED FOR APPROVALS, GETTING APPROVAL, AND EXPERIENCED COSTS FAR BEYOND THOSE NECESSARY TO INSTALL A SAFE PROJECT.

We have received huge (Up to $30,000) invoices for additional work done by utilities beyond the originally agreed to sums for intertie. These invoices arrive in some cases without any detail, in some cases with ridiculous detail. SCE has demurred at explaining the content of one invoice for over 3 months so far. PG&E's most recent 1" thick invoice has arrived and we will review it, ask for explanation and expect no satisfactory explanation for charges other than "We (the IOU) deemed it necessary".

Simple processes such as testing relays can cost from $500 to $$7,000 for the same controls in different utilities. We have been subjected to testing processes that are imagined on site - because the approvals are at the digression of the inspector.

All charges are paid by our projects. Since the utilities are not spending their own money they don't care how much of our money they spend. This can be seen at our project in Lodi where PG&E took extra care to select and combine the most expensive options possible until our project troubles were publicized in the newspaper and suddenly the equipment was changed for a $40,000 savings.

To summarize - there are no rules, only a quagmire. A reasonable person could conclude that the California utilities don't want distributed generation. A reasonable person could also assume that this situation of discouraging distributed generation can only occur with the encouragement of top management.

"Rule 21 Working Group Recommended Changes to Interconnection Rules"

As demonstrated in the authors list for the report "Rule 21 Working Group Recommended Changes to Interconnection Rules", the utilities dominate and control the process. The IOU's are subsidized by the public and have limitless time and money to spend to dominate the process.

The report is a complete disconnect from in-the-field reality. The implications and results of Rule 21 are never discussed.

The dispute resolution process mentioned in the report will turn out to be a joke. It mirrors everything that the utility wants to do to stop distributed generation. A resolution process implies that both sides want resolution. The IOUs have consistently demonstrated they don't want resolution. The utilities use delay as their principle method to harm distributed generation developers using the time value of money.

This proposed process lacks timetables and penalties, forcing a developer to invest countless hours and funds while allowing the IOU to drag out the process. The IOUs, using ratepayer money, have no reason to resolve anything. The IOUs have learned through the Rule 21 process that they have more money, time and people than any developer. The IOUs will get what they want by waiting, they win through attrition and by co-opting the keepers of the process.

As an example, I see that Tecogen is still screwed 2 years after spending lot of money to have their equipment certified equipment so that it would pass through the Rule 21 be interconnectable by definition. Now they are stuck in a dispute non-resolution process.

It appears that PG&E can cost Tecogen untold dollars by just toying with them with no intent of resolution.

There are no distributed energy developers that can outspend any California IOU. If the California Utilities decide that they don't like distributed generation, then they will stop the business AS THEY HAVE IN THE PAST.

Rule 21 is a process where the utilities have spent 5 years suppressing distributed generation. We ask for a fair and reasonable outcome.

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